

## **Unqualified auditor's report when the requirement to prepare a management board report pursuant to section 2:391 subsection 1 of the Netherlands Civil Code has not been fulfilled**

(financial statements, Part 9 of Book 2 of the Netherlands Civil Code)

To: appropriate addressee

### **AUDITOR'S REPORT**

#### **Report on the financial statements<sup>1</sup>**

We have audited the accompanying<sup>2</sup> financial statements XXXX<sup>3</sup> of ... (name), ... (statutory seat), which comprise the balance sheet as at ..., XXXX, the profit and loss account for the year then ended and the notes<sup>4</sup>.

##### *Management's responsibility*

Management<sup>5</sup> is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report<sup>6</sup>, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code<sup>7</sup>. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control<sup>8</sup>. An audit also

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<sup>1</sup> The subheading "Report on the financial statements" is unnecessary in circumstances when the second subheading "Report on other legal and regulatory requirements" is not applicable.

<sup>2</sup> Referencing is possible through the use of page numbers.

<sup>3</sup> Or: "for the year ended xxxx" (fiscal year not coinciding with calendar year).

<sup>4</sup> The enumerated parts of the financial statements should be aligned with the index of the financial statements.

<sup>5</sup> Depending on the nature of the entity to be changed to more suitable terminology such as "management of the company" (B.V. / N.V.), "union", "foundation" etc.

<sup>6</sup> Align terminology with the term applied by the entity.

<sup>7</sup> Or the applicable legislation and/or standards.

<sup>8</sup> In circumstances when the auditor also has the responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ... (name) as at ..., XXXX, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements<sup>9</sup>**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we state that we cannot report whether the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code because the company has not fulfilled the requirement under 2:391 sub 1 of the Netherlands Civil Code to prepare a management board report and add this to the financial statements or keep it for public inspection at the company's offices<sup>10</sup>.

*[Place, date]*

*[Name audit firm]*

*[Name external auditor and his signature]*

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worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances."

<sup>9</sup> This paragraph is not applicable if there are no other legal and regulatory requirements for the auditor to issue such a separate report.

<sup>10</sup> When the entity applies a legal exemption allowing it not to prepare a management board report (section 396 of the Netherlands Civil Code and the 'Wet op de ondernemingsraden'), this excerpt can be omitted. Footnote 9 is also applicable.